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Arizona Corporation Commission

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

TOM FORESE, Chairman

BOB BURNS

ANDY TOBIN

BOYD DUNN

JUSTIN OLSEN

IN THE MATTER OF THE FORMAL
COMPLAINT AGAINST ARIZONA
PUBLIC SERVICE COMPANY FILED
BY STACEY CHAMPION AND OTHER
ARIZONA PUBLIC SERVICE
COMPANY CUSTOMERS.

DOCKET NO. E-01345A-18-0002

**COMPLAINANT STACEY
CHAMPION'S POST-HEARING
BRIEF**

I. INTRODUCTION

Ms. Champion made this Complaint against Arizona Public Service Company ("APS") pursuant to A.R.S. § 40-246(A) as to the reasonableness of the rates and charges adopted in the Settlement Agreement and approved by Decision No. 76295 (August 18, 2017). These rates are not just and reasonable because the actual average bill impact experienced by residential customers under the rates approved by Decision No. 76295 is significantly greater than the 4.54% projection that was the basis for the Commission's approval of the Settlement Agreement.¹ Moreover, the rates approved by Decision No.

¹ "The rates terms and conditions of the Settlement Agreement are just, fair and reasonable and in the public interest, and should be adopted as set forth in the Settlement Agreement . . ." Decision No. 76295 (August 18, 2017) at 103. "Under the terms of the Settlement Agreement, the average bill impact is 4.54 percent for residential customers . . ." *Id.*

1 76295 result in more revenue to APS than was anticipated and authorized by that
2 Decision. The issue in this Complaint is, and has always been, that the actual result of the
3 rate increase is not the intended result contemplated by the Settlement Agreement and
4 approved by this Commission.

5 **II. BURDEN AND STANDARD OF PROOF**

6 Pursuant to A.A.C. R14-3-109(G), Complainant has the burden of proof. APS has
7 argued that “just like a party or intervenor in a rate case who seeks to appeal that ruling,
8 the standard of proof for complainant in this case is a clear and convincing standard.”²
9 This is the standard of proof for judicial review of a Commission decision. *See* A.R.S. §
10 40-254; A.R.S. § 40-254.01; *Freeport Minerals Corp. v. Arizona Corp. Comm'n*, 244
11 *Ariz.* 409, 419 P.3d 942, 944 (App. 2018); *Residential Util. Consumer Office v. Arizona*
12 *Corp. Comm'n*, 199 *Ariz.* 588, 591, 20 P.3d 1169, 1172 (App. 2001). APS cites to no
13 authority, nor can it, that such a standard of proof applies to a complaint proceeding
14 before the Commission.

15 However, the Commission has long held that the standard of proof for a complaint
16 proceeding before the Commission is a preponderance of the evidence standard. *See*
17 Decision No. 67112 at 3; Decision No. 75042 at 12; Decision No. 67581 at 8; Decision
18 No. 75555 at 55; Decision No. 63999 at 5; Decision No. 67951 at 16; Decision No.
19 63914 at 3; Decision No. 72594 at 46; Decision No. 66949 at 54. Thus, a preponderance
20 of the evidence standard is the appropriate standard for this Complaint.

21 **III. A.R.S. § 40-246 PROVIDES A RIGHT, NOT A REMEDY.**

22 A.R.S. § 40-246(A) provides as follows:

23 Complaint may be made by the commission of its own motion, or by any
24 person or association of persons by petition or complaint in writing, setting
25 forth any act or thing done or omitted to be done by any public service
26 corporation in violation, or claimed to be in violation, of any provision of
law or any order or rule of the commission, but no complaint shall be
entertained by the commission, except upon its own motion, as to the

² TR, Vol. I, p. 72, 14-16 (APS counsel Krueger).

1 reasonableness of any rates or charges of any gas, electrical, water or
2 telephone corporation, unless it is signed by the mayor or a majority of the
3 legislative body of the city or town within which the alleged violation
occurred, or by not less than twenty-five consumers or purchasers, or
prospective consumers or purchasers, of the service.

4 The statute contemplates two kinds of complaints, one alleging a violation of law or
5 Commission decision or rule by a public service corporation, another challenging the
6 reasonableness of rates and charges of a public service corporation.

7 A.R.S. § 40-246(C) provides the complainant with the right to a hearing on either
8 kind of complaint, stating in pertinent part:

9 Upon filing the complaint, the commission shall set the time when and a
10 place where a hearing will be had upon it and shall serve notice thereof,
11 with a copy of the complaint, upon the party complained of not less than
12 ten days before the time set for the hearing, unless the commission finds
that public necessity requires that the hearing be held at an earlier date.

13 The statute does not identify a remedy for either type of complaint.

14 **IV. THE REMEDIES FOR A COMPLAINT ARE PROVIDED BY THE STATE**
15 **CONSTITUTION AND OTHER STATUTES IN CHAPTER 2, TITLE 40.**

16 For a complaint alleging a violation of law or a Commission decision or rule, the
17 remedy of reparation for overcharges is provided by A.R.S. § 40-248. Article 9, Chapter
18 2, Title 40 of the Arizona Revised Statutes provides, among other things, for the
19 imposition of monetary penalties against public service corporations for violations of the
20 Arizona constitution, statutes, or the orders or rules of the Commission.

21 If the Commission determines that APS failed to comply with Decision No. 76295
22 by charging its customers more than the rates authorized in the Decision, then the
23 Commission could order reparations to customers for the overcharge pursuant to A.R.S. §
24 40-248. If the Commission finds that APS failed to implement the rates as required by the
25 Decision or that APS failed to comply with the customer outreach and education required
26 by the Decision, then the Commission could impose fines in an amount not less than

1 \$100 or more than \$5,000 for each violation of the Decision pursuant to A.R.S. §§ 40-
2 424 and 40-425, and Article XV, section 19 of the Arizona Constitution.

3 For a complaint challenging the reasonableness of rates and charges of a public
4 service corporation, the Arizona Constitution and statutes give the Commission broad
5 authority to craft a remedy. A 1969 Attorney General Opinion addressed the scope of the
6 hearing required by A.R.S. § 40-246 for a complaint challenging the reasonableness of
7 rates.³ The specific question posed to the AG was:

8 Does A.R.S. Sec. 40-246(A) which provides in part, that “no complaint
9 shall be entertained by the commission, . . . as to the reasonableness of any
10 rates or charges of any gas, electrical, water or telephone corporation,
11 unless it is signed . . . by not less than twenty-five consumers or purchasers,
12 or prospective customers or purchasers, of the service” require the
13 commission, upon the filing of such a complaint, to hold a full-scale rate
14 hearing?

15 AG Op. No. 69-6 at 1 (1969) (emphasis added). The Attorney General concluded that
16 “[t]he provisions of the statute are complied with by the holding of a hearing to determine
17 whether there is sufficient evidence to warrant a full-scale rate hearing.”⁴ Given the
18 narrow scope of the question posed to the Attorney General, it would be illogical to
19 conclude that the only remedy available for such a complaint would be a Commission
20 order requiring the public service corporation to file a new rate case. The Attorney
21 General found that the hearing required by the statute “can only be directly related to the
22 constitutional powers of the Corporation Commission pursuant to Article 15, Section 3”
23 and concluded that “[t]he procedure set up by [A.R.S. § 40-246] is, we believe, an
24 activator procedure designed to initiate an inquiry by the Corporation Commission who
25 has the power over rates.”⁵

26 While the Commission could certainly order APS to file a new rate case pursuant
to its constitutional authority, the Commission has the power to order other remedies to

³ AG Op. No. 69-6 (1969).

⁴ *Id.* at 3.

⁵ *Id.* at 2.

1 resolve a complaint as to the reasonableness of rates. For example, A.R.S. § 40-252
2 provides that “[t]he commission may at any time, upon notice to the corporation affected,
3 and after opportunity to be heard as upon a complaint, rescind, alter or amend any order
4 or decision made by it.” If the Commission determines that the rates and charges
5 authorized by Decision No. 76295 are not just and reasonable because those rates resulted
6 in a greater-than-intended bill impact on residential customers and/or greater-than-
7 intended revenues for APS, then the Commission can rescind, alter, or amend Decision
8 No. 76295. The Arizona Supreme Court has made it clear that “[a]n application to the
9 Commission to rescind, alter or amend an order, pursuant to A.R.S. § 40-252 does not
10 constitute a collateral attack upon an order of the Commission.” *Davis v. Corp. Comm'n*,
11 96 Ariz. 215, 219, 393 P.2d 909, 911–12 (1964). The court made it equally clear that a
12 monopoly, like APS, “is tolerated only because it is to be subject to vigilant and
13 continuous regulation by the Corporation Commission, and is subject to rescission,
14 alteration or amendment at any time upon proper notice when the public interest would
15 be served by such action.” *Id.* at 218, 911.

16 If it determines that the public interest would be served, then the Commission can
17 rescind Decision No. 76295 and order a full-scale rate hearing on APS’s original rate
18 application.⁶ This rate case should be litigated and not settled in order to maximize
19 transparency to the public. In the alternative, the Commission can alter or amend the
20 Decision to be in the public interest.

21 **V. THE PROJECTED AVERAGE RESIDENTIAL BILL IMPACT WAS**
22 **4.54%.**

23 Decision No. 76295 adopted the rates and charges included in the Settlement
24 Agreement.⁷ The estimated bill impact on APS’s residential customers was considered
25 by the Commission in making its determination that the new rates would be just and

26 ⁶ This would be different from a rehearing pursuant to A.R.S. § 40-253 because the hearing in Docket No. E-01345A-16-0036 was on the Settlement Agreement, not the rate application filed by APS.

⁷ Docket No. E-01345A-16-0036 *et al.*

1 reasonable. Finding of Fact No. 327 of the Decision states: “The rates, terms and
2 conditions of the Settlement Agreement are just, fair and reasonable and in the public
3 interest, and should be adopted as set forth in the Settlement Agreement”⁸

4 According to the Settlement Agreement, under the new rates “[r]esidential customers will
5 have on average a 4.54 percent bill impact.”⁹ Finding of Fact No. 334 of the Decision
6 confirmed this stating: “Under the terms of the Settlement Agreement, the average bill
7 impact is 4.54 percent for residential customers”¹⁰

8 The 4.54% average bill impact for residential customers was calculated as the net
9 of a 15.9% increase to base rates and a corresponding reduction of 11.36% to adjustor
10 rates.¹¹ The rate increase was effective on August 19, 2017.¹² Residential customers
11 initially remained on their existing rate plan with the higher rates in what are known as
12 Transitional rates.¹³ New residential rate plans also went into effect on August 19, 2017.¹⁴
13 These New rate plans (“New rates”) represented significant changes to rate design.¹⁵
14 Customers were given the opportunity to select a New rate (subject to their qualification
15 for the plan) and customers who did not select a New rate were placed on a New rate (one
16 that was “most like” their old rate plan) by APS starting in February 2018.¹⁶

17 **VI. CHAMPION’S ANALYSIS SHOWS THAT THE ACTUAL BASE RATE**
18 **INCREASE WAS 17.89% UNDER THE NEW RATE PLANS.**

19 Ms. Champion’s expert witness, Abhay Padgaonkar of Innovative Solutions
20 Consulting, LLC, constructed a model to analyze the actual average impact on residential
21 customers’ bills based on APS’s proposal to rebill 2015 test year usage for a statistically
22

23 ⁸ Decision No. 76295 at 103.

24 ⁹ Settlement Agreement Section 4 (page 8).

25 ¹⁰ Decision No. 76295 at 103.

26 ¹¹ Id., Appendix L.

¹² Id. at 107.

¹³ Settlement Agreement, Section 26.1 (page 24).

¹⁴ Decision No. 76295 at 107.

¹⁵ TR, Vol. I, p. 74, 16-25; p. 75, 12-15 (Staff counsel Scott); TR, Vol. V, p. 831, 13-19 (Snook); p. 858, 21-25 (Faruqui).

¹⁶ Settlement Agreement, Section 26.1 (page 24).

1 valid sample of APS customers.¹⁷ For this sample, APS provided 12 months of 2015 test
2 year billing data from 16,237 residential customers, the equivalent of 194,844 bills.¹⁸ The
3 rates and charges used for the model were those effective on August 19, 2017, and were
4 also provided by APS.¹⁹

5 Mr. Padgaonkar analyzed the residential rate impact under Transitional rates and
6 under the New rates.²⁰ His analysis of the Transitional rates found an average base rate
7 increase of 15.68%.²¹ His analysis of the New rates considered two scenarios, one where
8 all customers were on a New, “most-like” rate,²² and another based on the New, actual
9 rate that the sample of customers were on as of May 1, 2018, according to APS.²³ His
10 analysis of the New, actual rate scenario revealed that residential customers who selected
11 or were defaulted to a New, “most-like” rate (a “similar” plan, meaning staying in non-
12 time of use, time of use, non-demand, or demand based plan) saw an average base rate
13 increase of 19.14%, while those customers who selected a New rate (a “dissimilar” plan,
14 e.g. moving from a plan without a demand charge to a plan with a demand charge) saw
15 an average base rate increase of 13.7%.²⁴ Within this sample, 78% of the customers were
16 on a “similar” plan and 22% were on a “dissimilar” plan.²⁵ The composite of these two
17 groups of customers in the sample had an average base rate increase of 17.89%.²⁶

18
19
20 ¹⁷ TR, Vol. I, p. 111, 17-23 (Padgaonkar); Exh. C-6; Padgaonkar Direct at 11-13, 17-19.

21 ¹⁸ TR, Vol. I, p. 115, 9-20 (Padgaonkar); Exhs. C-8 – C-10; Padgaonkar Direct at 11.

22 ¹⁹ TR, Vol. I, p. 130, 1-20 (Padgaonkar); Exhs. C-13 and C-20; Padgaonkar Direct at 20, 22, and 23.

23 ²⁰ TR, Vol. I, p. 132, 1-20 (Padgaonkar); Padgaonkar Direct at 17-25; Exh. C-17.

24 ²¹ Padgaonkar Direct at 19-20; Exh. C-14.

25 ²² Padgaonkar Direct at 21-23; Exh. C-17. Mr. Padgaonkar’s analysis of the New, most-like rate scenario
26 found that the base bill increased by 19.37% and the adjusters declined by 4.85% for an average bill
impact of 14.03%.

²³ TR, Vol. I, p. 131, 15-21 (Padgaonkar); Exhs. C-9, C-15 – C-17; Padgaonkar Direct at 20, 23. The
sample for this analysis consisted of 15,431 customers with 185,172 monthly bills because, according to
APS, approximately 5% of the sample has not transitioned to New rates for various reasons, thus those
customers were excluded from the analysis of New, actual rates. Padgaonkar Direct, p. 23.

²⁴ Padgaonkar Direct at 25.

²⁵ Padgaonkar Direct at 24.

²⁶ Padgaonkar Direct at 24.

VII. THE 15.9% BASE RATE INCREASE WAS PREMISED ON A FORECAST OF CUSTOMER RATE SELECTION THAT WAS NOT ACCURATE.

APS's collection of the 15.9% base rate increase assumed a forecasted distribution of residential customers on the New rates.²⁷ APS overestimated the number of customers who would select a New rate plan that was "dissimilar" to their old rate, primarily that more residential customers would choose a New rate with a demand charge.²⁸ Mr. Padgaonkar's analysis showed that the "similar" or "most-like" New rates are more expensive for customers.²⁹ According to the data provided by APS, as of May 1, 2018, 88.2% of APS's residential customers were on their "most like" New rate.³⁰

According to APS witness Ms. Hobbick, for many residential customers, "their most-like rate is also their best, or most economical rate."³¹ Ms. Hobbick also stated that nearly half of APS's residential customers are on their most economic rate schedule.³² This is true for Mr. Woodward, who is on the R-XS rate, a standard rate without a time of use or demand component.³³ However, despite Mr. Woodward's almost 10% reduction in usage over an eleven-month period on the new rates, his efforts have yielded only a 0.71% reduction in his electricity costs.³⁴ This indicates that the design of the New rates created a predicament for Mr. Woodward (and potentially for the other approximately 254,000 residential customers on that rate plan³⁵ as well) where even on his most economical rate, he cannot realistically mitigate the effect of the rate increase by reducing or shifting his energy consumption. But because he is already on his most economical rate, switching to a new rate plan is not a solution for him, or other customers like him.

²⁷ Hobbick Rebuttal, p. 2, 11-13; Exh. C-21, TR, Vol. IV, p. 655, 9-18 (Hobbick); TR, Vol. II, p. 226, 8-25; p. 227, 1-25; p. 228, 1-16 (Padgaonkar).

²⁸ TR, Vol. II, p. 237, 2-18 (Padgaonkar); Exhs. C-15 and C-21.

²⁹ TR, Vol II, p.228, 2-16 (Padgaonkar); Exhs. C-15 and C-17.

³⁰ TR, Vol I, p. 140, 15-21 (Padgaonkar); Exh. C-15.

³¹ Hobbick Rebuttal, p.2, 4-6.

³² Hobbick Rebuttal, p. 2, 5-7.

³³ TR., Vol. IV, p. 649, 1-5; p. 722, 12-20 (Hobbick).

³⁴ Hobbick Direct at 9; Exh. C-24.

³⁵ Exh. C-21.

VIII. THE NEW RATES RESULT IN MORE REVENUE FOR APS THAN WAS ANTICIPATED AND AUTHORIZED BY THE DECISION.

Staff witness Mr. Liu acknowledged that customers' selection of New rates would have an effect on APS's earnings.³⁶ If more customers chose their "best" rate, which was most often a "dissimilar" rate, then APS could under earn.³⁷ The converse is also true - if more costumers chose a rate that was not their "best" rate, which was most often the "similar" or "most-like" rate, then APS could over earn.³⁸ That is what appears to be happening under the New rates because more residential customers remain on the "most-like" rate instead of moving to their "best" rate as determined by APS. Based on the public comment provided at the hearing and filed in the docket, this appears to be driven by residential customers' fear and distrust of demand charges.³⁹

APS's parent company, Pinnacle West Capital Corporation ("PinnWest"), has reported \$129 million in revenue attributable to the rate increase for Q3 2017 (partial) through Q2 2018.⁴⁰ While the rate increase has been touted in the press as bringing in an additional \$95 million for APS,⁴¹ APS has made it clear that the additional revenue associated with the rate increase is really \$148 million.⁴² Mr. Padgaonkar has estimated that APS will receive \$157 million in additional revenue for a full fiscal year attributable to the rate increase.⁴³ APS has not disputed this estimate,⁴⁴ nor was APS able to opine on what the increased revenue attributable to the rate increase for Q3 2018 will be.⁴⁵ PinnWest's Q3 2018 report should be made public in November of 2018.⁴⁶

³⁶ TR, Vol. V, p. 915, 22-25, p. 916, 1-10 (Liu).

³⁷ TR, Vol. V, p. 917, 8-13 (Liu).

³⁸ TR, Vol. V, p. 917, 14-22 (Liu).

³⁹ TR, Vol. I, p. 15, 9-15 (Stephens); p. 20, 17-20 and p. 23, 6-14 (Heckman); p. 40, 19-23 and p. 41, 13-22 (Thompson); p. 46, 25 - p. 47, 17 (Neil).

⁴⁰ Exh. C-3

⁴¹ Exh. C-18

⁴² TR., Vol. V, p. 788, 2-9 (Snook).

⁴³ Exh. C-3; TR., Vol. I, p. 147, 20-25 (Padgaonkar).

⁴⁴ TR., Vol. V, p. 797, 7-11 and 21-23 (Snook).

⁴⁵ TR., Vol. V, p. 798, 16-18 and 24-25 (APS counsel Mumaw).

⁴⁶ TR., Vol. V, p. 798, 7-12 (Snook).

IX. APS'S RESIDENTIAL CUSTOMERS NEVER SAW THE 11.36% REDUCTION TO ADJUSTORS FROM THE ADJUSTOR SWEEP ON THEIR BILLS.

Mr. Padgaonkar's rebilling analysis used the base and adjustor rates in effect on August 19, 2017.⁴⁷ His analysis determined that the actual average bill impact for residential customers under New, actual rates is 12.56%.⁴⁸ This actual average bill impact resulted from a 17.89% increase to the base, a 4.84% reduction to the adjustors, and a 0.49% adjustor change credit.⁴⁹ Staff witness Mr. Liu acknowledged that Mr. Padgaonkar's model accurately calculated the bills under Transitional rates and the New rates in effect on August 19, 2017, as well as the adjustors in effect on that date, based on the 2015 test year usage of the statistically valid sample of APS customers.⁵⁰ Yet APS and Staff both stated that Mr. Padgaonkar's analysis underestimates the bill impact of the adjustor transfer.⁵¹ This underestimation supposedly occurred because Mr. Padgaonkar's analysis relied "solely on price trends and observed rate schedules,"⁵² which does not account for changes to the DSMAC and REAC adjustors outside the rate case; the LFCR adjustor transfer, which has yet to occur because that adjustor collects in arrears; and changes to the billing determinants and class allocators of the TCA adjustor.⁵³ Staff and APS agree that a "backward" calculation is required to analyze the adjustor sweep.⁵⁴ But this misses the point that residential customers did not see the 11.36% reduction to the adjustors on their bills. That is why Mr. Padgaonkar referred to the "backward" calculation as a "time warp."⁵⁵ Despite announcements to its customers that the rate increase was effective on August 19, 2017, APS has failed to point to a specific month

⁴⁷ TR, Vol. I, p. 130, 17-20 (Padgaonkar); Exh. C-13.

⁴⁸ Padgaonkar Direct, p. 24, 15-16; Exh. C-17.

⁴⁹ *Id.* The adjustor change credit is explained in Padgaonkar Direct, p.18-19.

⁵⁰ TR., Vol. V, p. 872, 1-12 (Liu)

⁵¹ Miessner Rebuttal, p.2, 20-25; Staff Report at 5.

⁵² Meissner Rebuttal p.2, 22-23.

⁵³ Miessner Rebuttal, p.3, 8-16.

⁵⁴ Miessner Rebuttal, p.16, 9-13; Staff Report at 5.

⁵⁵ TR, Vol. V, p. 939, 2-13 (Padgaonkar).

1 and year when the customers should have or should expect to see the 4.54% average bill
2 impact on their bills.⁵⁶

3 Nor were any changes to any of the adjustors on August 19, 2017, whether those
4 changes occurred in the rate case or outside the rate case, communicated to customers.⁵⁷
5 Customers only experienced the net impact of various changes to the adjustors on their
6 bills, despite APS's claim that it only communicates "actual rate changes" to its
7 customers.⁵⁸ Contrast this with APS's bill insert that clearly communicated to its
8 customers the February 1, 2018 increase to the PSA.⁵⁹

9 At the hearing, APS witness Mr. Miessner testified extensively on the adjustors,
10 including his analysis of the "potential errors" in Mr. Padgaonkar's calculation of the
11 adjustor transfer due to Mr. Padgaonkar's reliance on stated rates.⁶⁰ Mr. Miessner's
12 workpaper identified the result of these "potential errors" as an additional, uncounted
13 4.96% reduction to the swept adjustors.⁶¹ Mr. Padgaonkar testified that even accepting
14 that "potential error," which he does not, then that only results in a 9.8% reduction to the
15 adjustors because of the sweep, not 11.36%.⁶² Mr. Padgaonkar further testified that
16 because his analysis shows that the base rate increase under New, actual rates was 17.9%,
17 even if one accepted that the 11.36% adjustor sweep actually happened, then the actual
18 average residential bill impact is 6.54%, or roughly 2% higher than the estimated average
19 bill impact.⁶³

20 X. CONCLUSION

21 It could not have been the intent of the Commission to cause rate shock to
22 residential customers by approving the Settlement Agreement. When the Commission
23

24 ⁵⁶ Exh. C-26.

25 ⁵⁷ TR, Vol. II, p. 279, 17-24 and p. 280, 1-5 (Padgaonkar); Exhs. C-4 and C-23.

26 ⁵⁸ Exh. C-23, p. 4.

⁵⁹ Exh. C-22.

⁶⁰ TR., Vol III, p. 519-574 (Miessner); Exh. C-25.

⁶¹ Exh. C-25.

⁶² TR., Vol. II, p. 293, 6-12 (Padgaonkar).

⁶³ TR., Vol. II, p. 241, 4-18 (Padgaonkar).

1 issued Decision No. 76295, approving the rates in the Settlement Agreement, and
2 significant changes to rate design, the estimated bill impact on APS' residential
3 customers was considered by the Commission in making its determination that those rates
4 would be just and reasonable. According to the Settlement Agreement, under the new
5 rates "[r]esidential customers will have on average a 4.54 percent bill impact",⁶⁴ meaning
6 that the real-life average bill impact of the new rates on actual residential customers was
7 expected to at least resemble the 4.54% estimated bill impact. The analysis by Ms.
8 Champion's expert witness, Mr. Padgaonkar, has shown by a preponderance of the
9 evidence that the actual average bill impact under the New rates on residential customers
10 is 12.56%, which is significantly greater than the projected 4.54%, and that APS is over
11 earning.

12 Because the actual result of the rate increase is not the intended result
13 contemplated by the Settlement Agreement and approved by this Commission, the New
14 rates cannot be said to be just and reasonable or in the public interest. Instead, they are
15 unreasonable. Therefore, Ms. Champion is asking that Decision No. 76295, that adopted
16 the rates in the Settlement Agreement, be rescinded pursuant to A.R.S. § 40-252 and that
17 a full-scale rate hearing be held on APS's original rate application.

18 **XI. RECOMMENDATIONS FOR FUTURE RATE CASES**

19 The parties were asked to provide recommendations for future rate cases.
20 Accordingly, Complainant makes the following suggestions:

- 21 • The Commission should require the utility to perform a rebilling analysis
22 similar to the one performed by Mr. Padgaonkar to evaluate the actual bill
23 impact of new or revised rates.
- 24 • The Commission should also require the utility to generate a table similar to
25 Exhibit C-27 to evaluate and to reconcile the forecasted as well as the actual
26 rate impact on residential customers and to clearly document all assumptions

⁶⁴ Settlement Agreement Section 4 (page 8) (emphasis added).

1 with respect to the customer transition to new rates and expected changes in
2 customer behavior. The table would be a useful tool to describe a rate increase
3 to residential customers. Just describing a rate increase to residential customers
4 in terms of an average bill impact, particularly where bill impacts for customers
5 range from a 95% increase to an 81% decrease, is meaningless to the typical
6 residential consumer.

- 7 • There should be full disclosure from the utility to its customers about changes
8 to the base rates and to the adjustors. There should be no simultaneous raising
9 of adjustors outside a rate case while lowering those adjustors inside the rate
10 case. All changes to rates, be they base or adjustor, should be clearly delineated,
11 with no blurred lines.
 - 12 • When a rate case makes changes to rate design, residential customers should be
13 allowed to remain on transitional rates indefinitely. The burden should always
14 be on the utility to convince customers to switch to a newly-created rate plan.
15 The utility should not force residential customers onto new rate plans, then
16 spend \$5 million in an attempt to educate them about the new plans. Large
17 increases to fixed charges should be avoided.
 - 18 • Residential customers should not be restricted from switching rate plans.
 - 19 • The settlement process is a good idea for resolving civil disputes between
20 private parties, but the setting of just and reasonable rates is a matter of public
21 concern. The resolution of a rate case should hinge on the evidence, not on
22 convenience.
 - 23 • The Commission should require utilities to issue public service announcements
24 on radio, television, print, and social media to inform and engage residential
25 customers from the time of filing and throughout the process.
- 26

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1 RESPECTFULLY SUBMITTED this 26th day of October, 2018.

2 WONG 和 CARTER P.C.

3 By: /s/ Adam L. Stafford

4 Adam L. Stafford

5 *Attorneys for Complainant Stacey Champion*

6 ORIGINAL and thirteen (13) copies
7 of the foregoing filed this 26th day of
8 October, 2018, with:

9 Docket Control
10 ARIZONA CORPORATION COMMISSION
11 1200 W. Washington Street
12 Phoenix, Arizona 85007

13 COPY of the foregoing mailed/emailed
14 this 26th day of October, 2018 to:

15 Andy Kvesic
16 ARIZONA CORPORATION COMMISSION
17 Director- Legal Division
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